

**Part 3 Claims Audit****81 Overview**

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**A****Background**

The 2000 Act requires that FSA assist approved insurance providers and RMA in conducting claim audits for statistically selected Compliance Crop Insurance Contracts.

FCIC-14010, Manual 14 requires insurance providers to conduct quality control reviews that will:

- ℄ provide assurances that procedures, systems, and programs are effective and adequate
- ℄ be used to:
  - ℄ expose intentional program abuse
  - ℄ identify discrepancies, inconsistencies, or errors.

**Note:** One type of quality control review is the Compliance Crop Insurance Contract Review.

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**B****Purpose**

This part provides procedure to State and County Offices for:

- ℄ assisting insurance providers that are conducting a Compliance Crop Insurance Contract Review, herein after referred to as a claim audit or review
  - ℄ processing forms and letters received from RCO requesting producer information
  - ℄ assisting RCO's that are conducting evaluations of the insurance providers' claim reviews.
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## 82 Responsibilities

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### A

#### Insurance Provider Responsibilities

Annually, RMA, Deputy Administrator for Compliance statistically selects Compliance Crop Insurance Contracts (claims) for insurance providers to review. Insurance providers complete the reviews by verifying that all information on the claim provided by the policyholder, sales agent, and loss adjuster is correct.

Insurance providers:

- ☐ may request information from State and County Offices to assist in the verification of the claim
- ☐ should only be requesting information needed to complete their reviews.

The insurance provider representative shall submit FSA-426-A to the applicable State Office POC to obtain documents maintained in the County Office. Approved insurance provider representatives requesting producer documents shall provide:

- ☐ a completed FSA-426-A, items 1 through 14, according to paragraph 83
  - ☐ FSA-426-A to the applicable State Office POC.
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### B

#### RMA Responsibilities

RMA, Deputy Administrator for Compliance shall annually provide to PECD, Compliance Branch a file for distribution to State and County Offices, listing the statistically selected claims that will be reviewed by the insurance provider. The file is listed as follows:

- ☐ State and county name
- ☐ crop
- ☐ insured name and ID
- ☐ policy number.

**Note:** This list is provided for information purposes only. County Offices will not be providing information on all claims listed.

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**82 Responsibilities (Continued)**

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**B  
RMA  
Responsibilities  
(Continued)**

After the insurance provider completes the claim reviews, RCO's shall evaluate a judgmental sample of the claim reviews. If discrepancies are discovered, RCO may submit a request to the applicable County Office for documentation that would resolve discrepancies in the insurance provider's claim review.

RCO's shall submit:

- C FSA-426-A to the applicable County Office to request producer documentation

**Note:** See subparagraph 83 C.

- C a copy to the State Office of FSA-426-A submitted to the County Office
- C personal identification to County Offices if requesting documents in person.

RCO's may request documentation that does not reside in the County Office and could require a field visit. Information obtained outside of the County Office can **only** be requested by RCO. RCO shall make the request using RMA letterhead. Request shall be sent to the State Office POC. See the example of a field request letter in Exhibit 12.

**Note:** Field visits may include the verification of information or data through independent sources.

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**82 Responsibilities (Continued)**

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**C****State Office  
Responsibilities**

The State Office POC shall:

- ℄ distribute to each applicable County Office the list of insureds that are included in the RMA Compliance Crop Insurance Contract Reviews sent from the FSA National Office
  - ℄ develop a tracking system for all requests from RCO and companies and serve as clearinghouse for all requests for information
  - ℄ ensure that:
    - ℄ FSA-426-A is completed by requester before sending to the County Office
    - ℄ County Office has included all requested documentation before returning it to the requester
  - ℄ forward insurance provider's FSA-426-A to the applicable County Office
  - ℄ forward RCO request for a County Office field visit to the applicable County Office
  - ℄ notify the applicable RCO immediately when workload demands in the County Office will delay a timely turn around for processing the information request.
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**D****County Office  
Responsibilities**

County Offices shall:

- ℄ continue to give priority service to producers
  - ℄ identify and prevent conflict of interest situations involving County Office employees when conducting field visits
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## 82 Responsibilities (Continued)

**D****County Office  
Responsibilities  
(Continued)**

- Ⓒ verify the insureds listed on FSA-426-A are also on the RMA Compliance Crop Insurance Contract Review list sent from the State Office and then copy the following applicable documents as requested on FSA-426-A:
  - Ⓒ CCC-502
  - Ⓒ AD-1026A
  - Ⓒ FSA-425, for peanut and tobacco insured
  - Ⓒ FSA-578 (producer print), for current and prior years
  - Ⓒ price support loan or LDP documents and, if applicable, NAP loss claims or crop disaster applications
  - Ⓒ map photocopy
  - Ⓒ “Other” documents may be requested, such as producer lease agreements

**Notes:** The insurance provider must identify in FSA-426-A, “Remarks” section, the documents being requested.

Request for documents other than those listed should:

- Ⓒ be limited
  - Ⓒ not include all insureds being reviewed.
- Ⓒ process the information request in no less than 7 workdays from the day the County Office receives FSA-426-A
- Ⓒ mail copies of requested documents to the applicable insurance provider or RCO
- Ⓒ send a copy of FSA-426-A to the State Office POC with item 15 completed for logging and tracking purposes
- Ⓒ notify the State Office POC immediately if documents requested cannot be processed within the 7 workday timeframe or do not exist
- Ⓒ document results of field visits requested by RCO. Request for a field visit shall be submitted on RMA letterhead and sent to the State Office. See the example of a field request letter in Exhibit 12. Send a copy of the information provided to RCO to the State Office POC.

## 83 Completing FSA-426-A

A

**FSA-426-A** The State Office POC shall review, upon receipt from the requester, FSA-426-A, items 1 through 14, for information completed according to the following table.

**Required Entries**

Item Number	Item Definition	Item Description
1	FSA County Office Name, Address and Telephone No.	Insured's FSA Administrative County Office
2	Crop Year	Crop year for claim
3	Date	Date of information request
4	Requester's Name	<input type="checkbox"/> Insurance provider representative's name <input type="checkbox"/> RMA compliance investigator's name
5	Phone Number	Telephone number for the:  <input type="checkbox"/> insurance provider representative <input type="checkbox"/> RMA compliance investigator.
6	Requester	As applicable, check:  <input type="checkbox"/> "Company Request", for insurance provider representative <input type="checkbox"/> "RMA Request", for RMA compliance investigator
7	Insured Name	Producer's name identified for the claim review
8	ID Number	Social Security or tax identification number of the insured
9	Crop	Crop selected for claim review
10	Policy Number	Crop insurance policy number for the insured
11	Information Requested	Check appropriate boxes that are applicable to the claim review. See subparagraph B.
12	Request Information to be:  <input type="checkbox"/> mailed <input type="checkbox"/> available for pickup	Check applicable box and mailing address if the documents requested are to be mailed.
13	Remarks	Identify other information being requested.
14A	Requester's Signature	<input type="checkbox"/> Insurance provider representative <input type="checkbox"/> RMA compliance investigator
14B	Title	Includes insurance company or RCO requesting information.  <b>Example:</b> ABC Insurance Company, Quality Control Reviewer, or RMA Western Regional Compliance Office.
14C	Date	Date the requester signed FSA-426-A.

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## 83 Completing FSA-426-A (Continued)

**B****Forms Identified on FSA-426-A**

The following table identifies the forms listed on FSA-426-A and the information that can corroborate information on a claim review. The insurance provider or RCO shall only request the needed forms.

Form Number	Form Description	Information To Be Verified
CCC-502  (Includes CCC-502A-Individual, CCC-502B-Joint Venture or General Partnership, CCC-502C-Corporation, Limited Partnerships of Other Similar Entities as applicable)	Farm Operating Plan for payment limitation review	Share lease or cash lease agreements, entity information, other farming interests
AD-1026A	Identifies Highly Erodible Land Conservation (HELC) and Wetland Conservation (WC) Certification.	Producer name, address, and telephone number, multi-county producer, control county and photo/grid, and land location.
FSA-578 (producer print)  (prior or current year)	Report of Acreage by producer ID.	Crops planted, crop intended use, acres, and share. Total farmland and cropland.
FSA-425	A producer summary of the farm tract, base and yield information for tobacco and peanuts.	Effective quota, previous year marketing, and carryover pounds.
Price support loan documents, CCC-677, CCC-678, and CCC-Cotton A  Price support loan deficiency documents, CCC-666, CCC-709, and CCC-Cotton AA  NAP loss claims or crop disaster program applications, if applicable	Production evidence	Total production for a farm submitted for a loan.  Total production for a farm submitted for LDP.  If applicable, production submitted for a crop disaster payment or NAP payment.
Map photocopy or aerial slides	Identifies the approximate boundaries of the crop on the farm.	Land location and crop conditions.
Other	<b>Example:</b> Lease Agreement	Share

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### 83 Completing FSA-426-A (Continued)

## C Example of FSA-426-A

Following is an example of FSA-426-A.

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**84 Providing Insured Information in Subsequent Years**

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**A**

**Crop Year 2000  
Contract Claim  
Review Results**

For crop year 2000 claim audits, FSA will provide assistance to insurance providers and RCO's by providing copies of documents that reside in the County Office to corroborate information in the insured's claim. County Offices shall also conduct field visits for RCO. This process will be evaluated before issuing additional procedures for FSA assistance in conducting future claim reviews.

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**85-100 (Reserved)**

**Part 4 (Reserved)**

**101-119 (Reserved)**